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Reporting changes in circumstances: tackling error in the Housing Benefit system

Standard Housing Benefit cases

By Jacqueline Davidson and Roy Sainsbury

Introduction

Whilst levels of fraud have consistently decreased in the benefit system, levels of claimant and staff error have not and the reduction of overpayments is now an important policy objective (DWP 2007). The estimated total of Housing Benefit fraud and error from October 2005 to September 2006 was £760 million (Audit Commission 2008), which represents just over five per cent of the £14 billion total 2005/06 expenditure on Housing Benefit. Of this, £170 million is estimated to have been lost through fraud, £430 million was overpaid because of claimant error and £160 million overpaid because of official error (DWP, 2007).

This report presents findings from a qualitative research project to explore Standard Housing Benefit claimants' knowledge and understanding concerning changes in their circumstances and their obligations to report them and, as such, complements earlier research which considered a range of means-tested benefits including Jobseeker's Allowance and Income Support (Irvine *et al.*, 2008). The research was commissioned by the Department for Work and Pensions (DWP) and was carried out by the Social Policy Research Unit at the University of York in 2007-08.

Findings

Claimants' knowledge and understanding of reporting changes in circumstances

Claimants on the whole did have an understanding that they were required to report 'changes in their circumstances'. However there was a wide variation in the range of knowledge in two important respects. Firstly, people differed according to the scope of changes they considered important to report (for example, work, income, household circumstances), and secondly in the detail of those changes (for example, amount of hours permitted; earnings; length of stays).

Some people felt that official sources of knowledge on reporting changes in circumstances were not frequent enough, not detailed enough and that they were not presented in plain English. Increasing both the scope and the detail of official knowledge in relevant changes that should be reported for Housing Benefit purposes might therefore be helpful.

It could also be confusing for people when they moved from one local authority to another and were not aware that there might be different procedures and administrative processes. That there are such differences makes the task of fully informing claimants difficult on a national level.

Reporting changes in circumstances: Influences on behaviour

A range of factors which might affect reporting behaviour was identified. Perceptions of the financial consequences of reporting a change could lead to not reporting changes which might have increased or decreased benefit. Some people recognised that their receipt of Housing Benefit was tied to their personal circumstances and thus reasoned that changes in their circumstances would therefore need to be reported. Previous negative experiences of benefit administration (delays in processing and waiting times, the apparently contradictory procedures and administrative processes and timelines of different benefit authorities (such as local authorities and HMRC which resulted in financial difficulties and the unanticipated outcomes of reporting changes) could also be seen to influence behaviour and attitudes towards benefit authorities.

Such factors are not mutually exclusive and in practice they are, and will be, interrelated in their influence on reporting changes in circumstances. Moreover, some of the factors will be more or less relevant to different people at different times and effects might be magnified where people claim several benefits and tax credits.

Experiences and consequences of reporting changes in circumstances

A range of methods were used by claimants for reporting changes. Some used those methods they favoured most; some used methods they perceived had the best chances of getting information across to the local authority. Some people had barriers to using some methods (such as the costs of transport or telephone calls). It was noticeable that people valued a good rapport with local authority staff, especially where they were perceived to 'know' the claimants circumstances. People did not value interactions with staff who they perceived as poorly informed.

People also experienced financial hardship, stress and uncertainty brought about by staff error, delays in processing and lack of interaction (from the claimant's perspective) of benefits and tax credits. Such issues have implications for staff training but also to wider issues in the benefits system such as complexity and fragmentation.

Conclusions and policy implications

The Getting Welfare Right strategy suggests that claimant error might be corrected by prevention (preventing wrong payments at initial claim stage), claimant compliance (maintaining an accurate claim) and correction (identification and correction of wrong payments). The findings are most relevant to the second strand of this strategy, claimants' compliance to maintain an accurate claim.

Before claimants can maintain an accurate claim, they must first be aware of their full obligations. From the diversity in understanding highlighted in this report and other research this is not currently the case and the possibility exists for increasing both the scope and the detail of people's knowledge of changes they should report for benefit purposes.

Factors which might influence whether claimants reported changes in their circumstances were also looked at and it was found that previous negative experiences, a lack of trust in benefit administration in addition to procedures and (perceived) consequences of reporting a change (for example financial hardship and stress) might also influence reporting decisions. There is therefore scope for enhancing claimants' experience of the benefits system on a number of levels because, for claimants, reporting changes in circumstances is not divorced from experiences of the wider benefit system. As formerly noted, some of these issues could be addressed by structural simplification of the benefits rules and procedures.

The full report of these research findings is published by the Department for Work and Pensions (ISBN 978 1 84712 424 1. Research Report 523. September 2008). It is available from Paul Noakes at the address below.

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